Government of Saskatchewan

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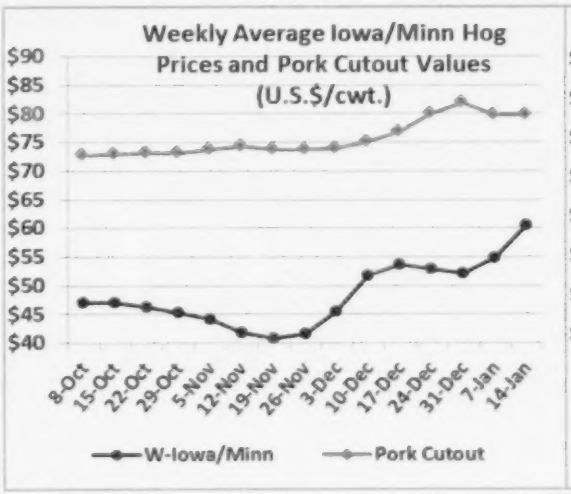
Weekly Hog Report

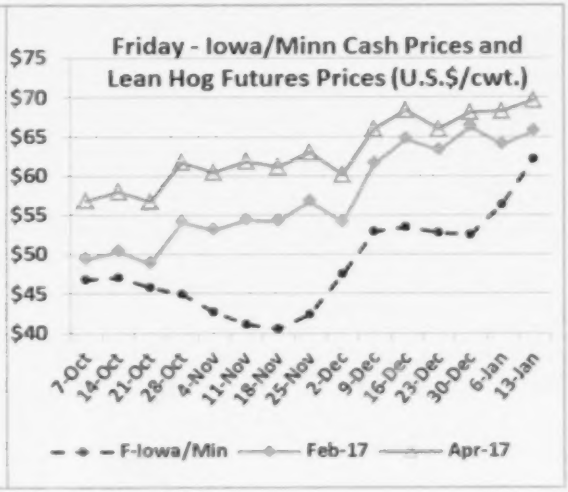
January 16, 2017

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) continued higher last week. Hog prices on Friday January 13 averaged US$62.12 per cwt, up US$5.79 per cwt or 10.3 per cent from US$56.33 per cwt the previous Friday. The negotiated weekly base price last week averaged US$60.40 per cwt, up US$5.57 per cwt or 10.2 per cent from US$54.83 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

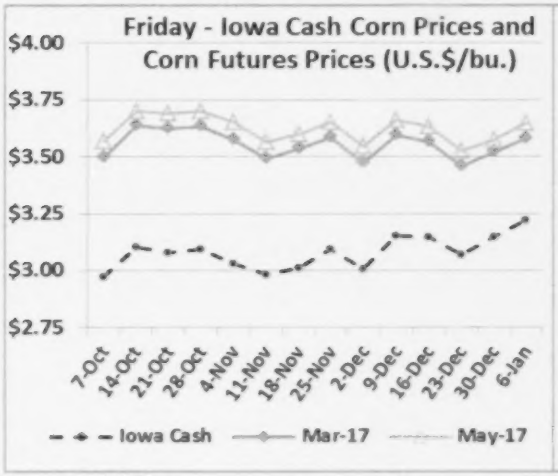
In Canada, the Signature#5 (Maple Leaf) Index 100 daily price for Friday January 13, 2017 was $149.71 per ckg, up $11.73 per ckg or 8.5 per cent from $137.98 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $144.68 per ckg, up $7.70 per ckg or 5.6 per cent from the previous weeks' average price of $136.98 per ckg. The Canadian dollar settled Friday at 76.18 cents, up 0.61 cents from 75.57 cents the previous Friday.

Futures Markets

United States lean hog futures daily prices were steady last week with some decent price gains Tuesday to help prices move higher, week-over-week. The nearby February contract increased US$1.625 per cwt to settle Friday at US$65.600 per cwt. The April 2017 lean hog futures contract increased US$1.425 per cwt last week to settle Friday at US$69.625 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were mixed last week. Weighted average cash prices for iso-weans (12lb) last week were US$51.28 per head, down US$2.49 per head from US$53.77 per head the previous week. Feeders (40lb) averaged US$69.51 per head, up US$4.18 per head from US$65.33 per head, the previous week.



Source: LMIC

Source: Iowa Agriculture, CME

U.S. corn prices were mixed but relatively steady last week. Iowa cash corn prices settled Friday at US$3.22 per bushel, unchanged from the previous Friday. The March corn futures contract increased a ½ cent to settle Friday at US$3.58 ½ per bushel, while the May 2017 corn contract increased almost one cent per bushel to settle Friday at US$3.65 ½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending January 14 were estimated at 2.402 million head, up 15.0 per cent from 2.088 million head the previous shorter week, and up 4.6 per cent from 2.297 million head the same week a year ago. Weekly U.S. hog slaughter numbers over the last four weeks have averaged about 2.180 million head, up 3.7 per cent from 2.102 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending January 7, 2017 were estimated at 372,440 head, up from 251,748 head the previous week, but down 18.5 per cent from 457,221 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 364,512 head, down 11.2 per cent from 410,501 head over the same period in 2015. (Source: AAFC/CFIA)

Meat Production

U.S. pork production for the week ending January 14, 2016 was estimated at 506.4 million lb., up 15.1 per cent from 440.1 million lb. the previous shorter week, and up 3.0 per cent from 491.8 million lb. the same week a year ago. Pork production over the last four week's ending January 14 was estimated to average 459.5 million lb., up 2.1 per cent from 449.9 million lb. over the same four week period a year ago.

U.S. beef production for the week ending January 14 was estimated at 507.6 million lb., up 13.2 per cent from 448.3 million lb. the previous shorter week, and up 6.3 per cent from 477.4 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending January 7, 2017, was estimated to average 1.965 billion lb., up 5.7 per cent from 1.860 billion lb. over the same four weeks a year ago.

Cutout Values

U.S. national pork cutout values for the week ending January 14, 2016 averaged US$79.73 per cwt, up slightly from US$79.61 per cwt the previous week, and up 11.9 per cent from US$71.26 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending January 14, 2016 averaged US$192.00 per cwt over the week, down US$9.83 per cwt or 4.9 per cent from US$201.83 per cwt the previous week, and down 18.2 per cent from US$234.67 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending January 14, 2016 averaged US$99.90 per cwt, up US$2.16 per cwt or 2.2 per cent from US$97.74 per cwt the previous week, but down 3.3 per cent from US$103.28 per cwt the same week a year ago.

Meat In U.S. Cold Storage

USDA released the latest U.S. cold storage numbers on December 23, 2016. The United States' pork stocks in cold storage totaled 520.3 million lb. on November 30, 2016, down 7.2 per cent from 560.9 million lb. on November 30, 2015, and down 13.1 per cent from 599.0 million lb. on October 31, 2016.

United States Stocks in Cold Storage (Frozen)

	1,000 Pounds		
Commodity	**30-Nov-2015**	**31-Oct-2016**	**30-Nov-2016**
Pork	560,915	598,958	520,336
Beef	510,636	532,987	531,463
Chicken	881,895	777,611	791,306
Turkey	190,268	400,377	238,668
Total Combined	**2,143,714**	**2,309,933**	**2,081,773**

Source: NASS

The U.S. beef stocks in cold storage totaled 531.5 million lb. on November 30, 2016, up 4.1 per cent from 510.6 million lb. on November 30, 2015, but down 0.3 per cent from 533.0 million lb. on October 31, 2016. U.S. beef stocks in cold storage at the end of November 2016 were at their maximum level compared to their previous ten year highs for November, and close to the maximum overall ten year highs.

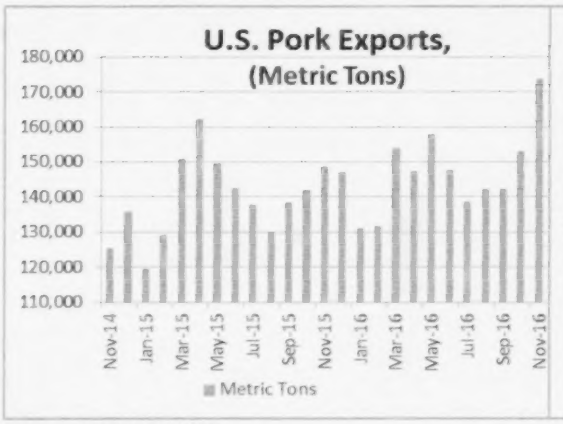
Total pork, beef, chicken and turkey in cold storage on November 30, 2016 were at 2.082 billion lb., down 9.9 per cent from November 30, 2015 numbers, and down 2.9 from 2.301 billion lb. on October 31, 2016.

United States Pork Exports

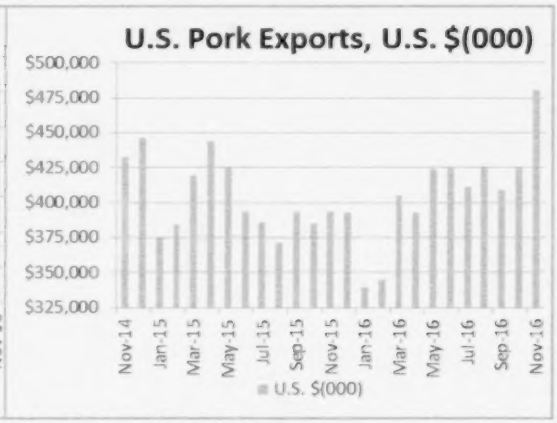
United States exported 173,770 metric tons of pork in November 2016, up 13.5 per cent from 153,051 metric tons in October 2016, and up 16.8 per cent from 148,740 metric tons a year ago, November 2015. U.S. pork exports by volume in November were the largest by month over the last three years.

Cumulative U.S. pork exports by volume for the first eleven months of 2016 were 1,619,354 metric tons, 4.4 per cent higher compared to the same period in 2015. The biggest increases in pork exports in 2016 by volume were to Hong Kong/China (+66%); helping to make up for the volume declines to South Korea. U.S. pork exports by volume in November 2016 were higher to Mexico and Japan, compared to November 2015.

By dollar amount, U.S. pork exports in November 2016 were US$481.0 million dollars, up 13.0 per cent from US$425.6 million in October 2016, and up 22.1 per cent from US$393.9 million dollars a year ago, November 2015. Year-to-date, U.S. pork exports by dollar amount were $4.484 billion dollars, up 2.5 per cent from the same period in 2015. Year-to-date, U.S. pork exports to China/Hong Kong are up 60 per cent by dollar value.



Source: USDA, USMEF



Source: USDA, USMEF

USDA World Agricultural Supply and Demand Estimates (WASDE)

On January 12, the USDA released the January World Agricultural Supply and Demand Estimates (WASDE). U.S corn yield for the 2016/17 crop was reduced 0.7 bushels/acre from 175.3 bushels per acre in the December estimates to 174.6 bushels/acre. Total corn production estimates for the 2016/17 crop was reduced a half per cent to 15.148 billion bushels. Exports and domestic usage were only reduced slightly helping ending stock estimates to decline two per cent to 2.355 billion bushels. U.S. corn price estimates were increased by five cents per bushel to range from US$3.10 to US$3.70 per bushel.

The January USDA WASDE report revised the 2016 United States Red Meat and Poultry production estimates to 97.589 billion lb., a slight increase from the December estimates, and a 3.1 per cent increase from 2015 production. United States meat production numbers for 2016 were estimated to increase for beef (+6.4%), turkey (+6.4%), pork (+1.8%), and broilers (+1.6%) from 2015. Beef production estimates for 2016 in the January estimates

were increased from December with higher fed cattle slaughter numbers and heavier carcass weights. (Source: USDA WASDE)

USDA January World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
2016	**Jan. Proj.**	**25,225**	**24,936**	**40,675**	**5,985**	**97,589**
% Chg.	**2015-2016**	**6.44%**	**1.78%**	**1.57%**	**6.36%**	**3.13%**
2017	Dec. Proj.	25,940	25,800	41,550	6,120	100,195
2017	**Jan. Proj.**	**25,955**	**26,205**	**41,575**	**6,120**	**100,640**
% Chg.	Dec.-Jan.	0.06%	1.57%	0.06%	0.00%	0.44%
% Chg.	**2016-2017**	**2.89%**	**5.09%**	**2.21%**	**2.26%**	**3.13%**

Source: USDA January WASDE Report, January 12, 2017

Red meat and poultry production forecasts for 2017 were increased from December primarily on higher U.S. pork production forecasts. U.S. red meat and poultry production for 2017 is forecasted to increase by three billion lb. to total 100.640 billion lb., a 3.1 per cent increase from 2016 production. U.S. meat production increases for 2017 are forecasted to come from pork (+5.1%), beef (+2.9%), turkey (+2.3%) and broilers (+2.1%).

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